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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

REGAL WEST CORPORATION, a
Washington corporation,

Plaintiff,

v.

MINH KHAI NGUYEN, an individual,

Defendant.

CASE NO. 3:19-cv-05374-RBL
ORDER ON MOTION TO DISMISS
DKT. # 31

INTRODUCTION

THIS MATTER is before the Court on Defendant Minh Khai Nguyen's Motion to Dismiss Plaintiff Regal West Corporation's First Amended Complaint (FAC). Dkt. # 31. Regal alleges claims related to Nguyen's misuse of Regal's secret information and intellectual property. Nguyen argues that the Court lacks personal jurisdiction because all of the alleged misuse occurred outside Washington. Nguyen also argues that Regal's Lanham Act claims, trade secret misappropriation claims, and Computer Fraud and Abuse Act (CFAA) claim are implausible.

In response, Regal contends that Nguyen waived several of his arguments by failing to raise them in his motion to dismiss the initial complaint, which was withdrawn. *See* Dkt. # 24.

1 Alternatively, Regal contends that the Court does not lack personal jurisdiction and that its
2 claims satisfy Rule 12(b)(6).

3 For the following reasons, the Court GRANTS Nguyen's Motion to Dismiss with respect
4 to Regal's false advertising and CFAA claims but otherwise DENIES Nguyen's Motion.

5 **BACKGROUND**

6 Regal provides its customers with "complete end-to-end logistics solutions, including
7 cross-docking, transportation, and assembly and repackaging services." Dkt. # 27 at 3. Regal
8 alleges that it began developing software that would allow its customers to access real-time
9 information about inventory and shipments decades ago. Around 1999, Regal contracted with a
10 third-party company to continue developing this software, at which time Nguyen was a
11 subcontractor or employee of this third party.

12 Around 2000, Nguyen took the lead on Regal's software development project and visited
13 Regal's place of business in Fife, Washington, to discuss the project. Nguyen continued to work
14 for Regal for roughly 20 years in this capacity, during which time Nguyen allegedly "was given
15 access to . . . Regal's customer database and customer-coding system, as well as pricing
16 information, Regal's customer contracts, and Regal's accounting system." Dkt. # 27 at 5. This
17 was "solely for the purpose of developing and maintaining Regal's software and with the
18 understanding that Nguyen would not disclose such confidential and proprietary information."
19 *Id.* Regal and Nguyen parted ways in February 2019 when Regal terminated its relationship with
20 Nguyen's company, Softketeers, Inc.

21 Regal alleges that Nguyen stole its proprietary information and trademarks while working
22 for Regal to further Nguyen's new business venture, Retail Exchange Network, Inc. (RXN).
23 According to Regal, RXN advertises itself as "an outgrowth of a warehouse management
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1 proprietary information technology systems [sic] that has been in place and developed over the
2 last decade.” Dkt. # 27 at 6. Regal claims that this description refers to Regal’s own custom
3 software that Nguyen helped develop. Regal also alleges that RXN is using Regal’s customer
4 database and coding system, based partly on images that RXN uses in its online videos. One of
5 those videos also includes background images of Regal’s warehouse and a list of several Regal
6 companies, such as Walmart and Amazon.com.

7 In its initial complaint, Regal sued both Nguyen and one of Nyguyen’s companies,
8 Softketeers, Inc. Dkt. # 1. That complaint included contract- and fraud-based claims against both
9 defendants. Nguyen moved to dismiss, stay, or transfer Regal’s initial complaint but withdrew
10 his motion after Regal amended its complaint. Dkt. # 30. Regal’s FAC dropped Softketeers as a
11 defendant and omitted the three contract-based claims against Nguyen and Softketeers. Nguyen
12 then brought the current Motion challenging the FAC.

13 DISCUSSION

14 1. Waiver

15 Because Nguyen already moved to dismiss Regal’s initial complaint without contesting
16 personal jurisdiction or Regal’s trademark infringement and unfair competition claims, Regal
17 contends that Nguyen cannot raise those arguments now. Nguyen responds that, because the
18 initial Complaint contained contract claims against Nguyen and Softketeers that clearly
19 supported personal jurisdiction, a 12(b)(2) defense was not available at that time. Regal replies
20 that the defense was available at the time of Nguyen’s first motion because personal jurisdiction
21 must exist for each claim and each defendant individually.

22 Federal Rule 12(b)(2) allows a party to move to dismiss for “lack of personal
23 jurisdiction.” According to Rule 12(g) & (h), a party waives “any defense listed in Rule
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1 12(b)(2)–(5)” by failing to raise it in an initial motion to dismiss if the defense was “available to
2 the party” at the time. This means that “defendants do not waive the defense of personal
3 jurisdiction if it was not available at the time they made their first defensive move.” *Glater v. Eli*
4 *Lilly & Co.*, 712 F.2d 735, 738 (1st Cir. 1983) (finding that the defense was not waived because
5 the original complaint “did not put it on notice that her New Hampshire domicile was at least
6 questionable”).

7 Here, the “lack of personal jurisdiction” defense was not available to Nguyen before
8 Regal amended its Complaint. As regal appears to concede, the contract-based claims from the
9 initial Complaint made it indisputable that the Court had jurisdiction. Furthermore, those claims
10 were asserted against both Defendants, which means that the Court did not have jurisdiction just
11 over Softketeers. Consequently, because the Court had jurisdiction over both Defendants,
12 Nguyen’s only viable argument was that the Court should decline to exercise pendent
13 jurisdiction over the tort claims asserted against him. *See Action Embroidery Corp. v. Atl.*
14 *Embroidery, Inc.*, 368 F.3d 1174, 1180 (9th Cir. 2004) (“[A] court may assert pendent personal
15 jurisdiction over a defendant with respect to a claim for which there is no independent basis of
16 personal jurisdiction so long as it arises out of a common nucleus of operative facts with a claim
17 in the same suit over which the court does have personal jurisdiction.”). But Rule 12(b)(6)
18 provides a defense when the court *lacks* jurisdiction, which is not the same as having discretion
19 to exercise jurisdiction or not. The defense that the Court entirely lacked personal jurisdiction
20 over Nguyen was thus not available and Nguyen can assert it here.

21 On the other hand, Regal is correct that Nguyen waived his 12(b)(6) defense to Regal’s
22 Lanham Act claims of trademark infringement and unfair competition by failing to raise them in
23 his prior motion. Regal’s original complaint contained these claims, yet Nguyen did not address
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1 them in his prior motion to dismiss. *See* Dkt. # 1 at 16-20; Dkt. # 24. Nguyen himself seems to
2 recognize this by making no argument against waiver of these claims and failing to revisit them
3 in his Reply brief. Dkt. # 36 at 9-12. Consequently, the Court will not consider Nguyen's
4 arguments regarding trademark infringement and unfair competition.

5 **2. Personal Jurisdiction**

6 When a defendant moves to dismiss a complaint for lack of personal jurisdiction, the
7 plaintiff bears the initial burden of demonstrating that jurisdiction is appropriate, after which the
8 burden shifts to the defendant to demonstrate that jurisdiction is unreasonable. *Schwarzenegger*
9 *v. Fred Martin Motor Co.*, 374 F.3d 797, 800 (9th Cir. 2004). A plaintiff cannot simply rest on
10 the bare allegations of its complaint, but rather is obligated to come forward with facts, by
11 affidavit or otherwise, supporting personal jurisdiction. *Amba Marketing Systems, Inc. v. Jobar*
12 *International, Inc.*, 551 F.2d 784, 787 (9th Cir. 1977). Where the motion is based on written
13 materials rather than an evidentiary hearing, the plaintiff need only make a prima facie showing
14 of jurisdictional facts. *Schwarzenegger*, 374 F.3d at 800. A prima facie showing means that the
15 plaintiff has produced admissible evidence, which, if believed, is sufficient to establish the
16 existence of personal jurisdiction. *Ballard v. Savage*, 65 F.3d 1495, 1498 (9th Cir. 1995).
17 “Conflicts between parties over statements contained in affidavits must be resolved in the
18 plaintiff's favor.” *Schwarzenegger*, 374 F.3d at 800. However, a district court also may order
19 discovery where “pertinent facts bearing on the question of jurisdiction are controverted or
20 where a more satisfactory showing of the facts is necessary.” *Laub v. U.S. Dep't of Interior*, 342
21 F.3d 1080, 1093 (9th Cir. 2003) (quoting *Butcher's Union Local No. 498 v. SDC Inv., Inc.*, 788
22 F.2d 535, 540 (9th Cir.1986)).

1 A court's personal jurisdiction analysis begins with the "long-arm" statute of the state in
2 which the court sits. *Glencore Grain Rotterdam B.V. v. Shivnath Rai Harnarain Co.*, 284 F.3d
3 1114, 1123 (9th Cir. 2002). Washington's long-arm statute, RCW 4.28.185, extends the court's
4 personal jurisdiction to the broadest reach that the United States Constitution permits, so the
5 jurisdictional analysis under state law and federal due process are the same.¹ *Byron Nelson Co. v.*
6 *Orchard Management Corp.*, 95 Wn.App. 462, 465 (1999); *Schwarzenegger*, 374 F.3d at 800–
7 01.

8 Personal jurisdiction exists in two forms: general and specific. *Dole Food Co. v. Watts*,
9 303 F.3d 1104, 1111 (9th Cir. 2002). For specific jurisdiction, which is at issue here, the Ninth
10 Circuit applies a three-prong test. *Schwarzenegger*, 374 F.3d at 802. First, "[t]he non-resident
11 defendant must purposefully direct his activities or consummate some transaction with the forum
12 or resident thereof; or perform some act by which he purposefully avails himself of the privilege
13 of conducting activities in the forum, thereby invoking the benefits and protections of its laws."
14 *Id.* Second, "the claim must be one which arises out of or relates to the defendant's forum-related
15 activities." *Id.* Finally, "the exercise of jurisdiction must comport with fair play and substantial
16 justice, i.e. it must be reasonable." *Id.*

17 For the first prong, the "purposeful direction" analysis typically applies in tort cases and
18 "usually consists of evidence of the defendant's actions outside the forum state that are directed
19 at the forum, such as the distribution in the forum state of goods originating elsewhere." *Id.* at
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21 ¹ Nguyen tries to argue that RCW 4.28.185 creates greater jurisdictional limitations than the Due Process Clause. He
22 relies on a statement in *Deutsch v. West Coast Machinery Co.* that, "under the long-arm statute, RCW 4.28.185, our
23 courts may assert jurisdiction over nonresident individuals and foreign corporations to the extent permitted by the
24 due process clause of the United States Constitution, *except as limited by the terms of the statute.*" 80 Wash. 2d 707,
711 (1972) (emphasis added). However, when describing the limitations imposed by RCW 4.28.185, the
Washington Supreme Court approved of treating the due process standard and the statutory standard as "a single
inquiry." *Shute v. Carnival Cruise Lines*, 113 Wash. 2d 763, 768, 783 P.2d 78, 80 (1989). A constitutional analysis
is therefore appropriate.

1 803. To determine if the defendant purposefully directed activities at the forum, the Ninth Circuit
2 applies the “effects test” from *Calder v. Jones*, 465 U.S. 783 (1984). Under this test, “the
3 defendant allegedly must have (1) committed an intentional act, (2) expressly aimed at the forum
4 state, (3) causing harm that the defendant knows is likely to be suffered in the forum state.”

5 *Mavrix Photo, Inc. v. Brand Techs., Inc.*, 647 F.3d 1218, 1228 (9th Cir. 2011) (quoting *Brayton*
6 *Purcell LLP v. Recordon & Recordon*, 606 F.3d 1124, 1128 (9th Cir. 2010)). In cases involving
7 online commerce, the Ninth Circuit has held that simply maintaining a passive website without
8 “conduct directly targeting the forum” is not enough to satisfy the express aiming prong. *Id.* at
9 1229 (quoting *Rio Properties, Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1020 (9th Cir. 2002)).

10 Here, Regal argues that jurisdiction is proper because Nguyen entered into contracts and
11 performed work for Regal in Washington, pilfered Regal’s secret information housed in
12 Washington servers, and misappropriated that information to launch RXN, which uses Regal’s
13 trademarked and copyrighted information in its nation-wide advertisements. Nguyen responds
14 that his work in Washington and acquisition of Regal’s information were not the harm-causing
15 events that give rise to Regal’s claims. Instead, Nguyen contends that all of Regal’s claims relate
16 to Nguyen’s *use* of rightfully *acquired* information. Because that use occurred later in California
17 on a website that did not specifically target Washington, Nguyen asserts that he did not aim at
18 the Washington forum.

19 Nguyen is likely correct that RXN’s online content does not specifically target
20 Washington in a way that could support jurisdiction, but he is wrong about the scope of activity
21 relevant to jurisdiction. Although Nguyen’s intentional acts of allegedly misappropriating trade
22 secrets may have consummated Regal’s harm, Nguyen’s acquisition of the information while
23 working for Regal in Washington is inseparable from the later misappropriation. Regal alleges
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1 that Nguyen “exploit[ed] his relationship with Regal” to utilize the “proprietary information
2 derived therefrom.” Dkt. # 27 at 16. Indeed, Nguyen does not deny that he repeatedly traveled to
3 Fife, Washington, to perform work for Regal and acquired the relevant information from servers
4 in Washington. Dkt. # 31 at 3; Dkt. # 32 at 2. This establishes that Nguyen purposely directed
5 his activities at Washington State. *See Mee Indus., Inc. v. Adamson*, No. 218CV003314CASJCX,
6 2018 WL 6136813, at *4 (C.D. Cal. July 27, 2018) (although misappropriation occurred
7 elsewhere, defendant directed his activities at the forum by regularly visiting the company’s
8 headquarters and remotely accessed California-based trade secrets). With the purposeful
9 direction prong satisfied, there is little doubt that Nguyen’s dealings with Regal would inform
10 him that the alleged harm in this case would likely be suffered in Washington.

11 Nguyen argues that, because his business dealings with Regal were carried out through
12 his Softketeers company, his contacts with Washington are unrelated to this case, which focuses
13 on Nguyen’s RXN business. But Regal has sued Nguyen, not RXN. Although Nguyen may have
14 been representing Softketeers when he did business with Regal, Regal has alleged that Nguyen
15 himself stole its secrets and used them in his RXN venture. This makes Nguyen’s conduct in
16 Washington relevant to jurisdiction.

17 In addition to Nguyen purposely directing his conduct at Washington, the final two
18 requirements of the specific personal jurisdiction analysis are also met. Because Nguyen never
19 would have acquired Regal’s information without cultivating a business relationship in
20 Washington, the alleged harm clearly arises out of Nguyen’s activities directed at the forum.
21 Finally, Nguyen has made no argument that could satisfy his burden of demonstrating that
22 jurisdiction is unreasonable. Perhaps this is because Nguyen’s extensive history of dealing with a
23 Washington-based company makes it eminently just and fair that Nguyen would be haled to
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1 court in this forum. Because the Court at least has jurisdiction over Regal's trade secret
2 misappropriation claims, the Court will exercise jurisdiction over all of Regal's claims. *See*
3 *Action Embroidery*, 368 F.3d at 1180. Nguyen's Motion to Dismiss for Lack of Personal
4 Jurisdiction is therefore DENIED.

5 **3. Failure to State a Claim**

6 Dismissal under Federal Rule 12(b)(6) may be based on either the lack of a cognizable
7 legal theory or the absence of sufficient facts alleged under a cognizable legal theory. *Balistreri*
8 *v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1990). A plaintiff's complaint must allege
9 facts to state a claim for relief that is plausible on its face. *See Ashcroft v. Iqbal*, 556 U.S. 662,
10 678 (2009). A claim has "facial plausibility" when the party seeking relief "pleads factual
11 content that allows the court to draw the reasonable inference that the defendant is liable for the
12 misconduct alleged." *Id.* Although the court must accept as true the Complaint's well-pled facts,
13 conclusory allegations of law and unwarranted inferences will not defeat an otherwise proper
14 12(b)(6) motion to dismiss. *Vazquez v. Los Angeles Cty.*, 487 F.3d 1246, 1249 (9th Cir. 2007);
15 *Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001). "[A] plaintiff's obligation
16 to provide the 'grounds' of his 'entitle[ment] to relief' requires more than labels and conclusions,
17 and a formulaic recitation of the elements of a cause of action will not do. Factual allegations
18 must be enough to raise a right to relief above the speculative level." *Bell Atl. Corp. v. Twombly*,
19 550 U.S. 544, 555 (2007) (citations and footnotes omitted). This requires a plaintiff to plead
20 "more than an unadorned, the-defendant-unlawfully-harmed-me-accusation." *Iqbal*, 556 U.S. at
21 678 (citing *id.*).

22 On a 12(b)(6) motion, "a district court should grant leave to amend even if no request to
23 amend the pleading was made, unless it determines that the pleading could not possibly be cured
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1 by the allegation of other facts.” *Cook, Perkiss & Liehe v. N. Cal. Collection Serv.*, 911 F.2d 242,
2 247 (9th Cir. 1990). However, where the facts are not in dispute, and the sole issue is whether
3 there is liability as a matter of substantive law, the court may deny leave to amend. *Albrecht v.*
4 *Lund*, 845 F.2d 193, 195–96 (9th Cir. 1988).

5 Nguyen first challenges Regal’s claim of false advertising (Count III) under the Lanham
6 Act. “The elements of a false advertising claim are: (1) a false statement of fact by the defendant
7 in a commercial advertisement about its own or another’s product, (2) the statement actually
8 deceived or has the tendency to deceive a substantial segment of its audience, (3) the deception is
9 material, in that it is likely to influence the purchasing decision, (4) the defendant caused its false
10 statement to enter interstate commerce, and (5) the plaintiff has been or is likely to be injured as
11 a result of the false statement.” *OptoLum, Inc. v. Cree, Inc.*, 244 F. Supp. 3d 1005, 1010 (D.
12 Ariz. 2017) (quoting *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir.
13 1997)). “Even if an advertisement is not literally false, relief is available under Lanham Act
14 § 43(a) if it can be shown that the advertisement has misled, confused, or deceived the
15 consuming public.” *Southland Sod Farms*, 108 F.3d at 1140. However, “detailed or specific
16 factual assertions . . . are necessary to state a false advertising cause of action.” *Cook, Perkiss &*
17 *Liehe, Inc. v. N. California Collection Serv. Inc.*, 911 F.2d 242, 246 (9th Cir. 1990).

18 False advertising claims are subject to heightened pleading standards because of their
19 basis in fraud. *Kische USA LLC v. Simsek*, No. C16-0168JLR, 2016 WL 7212534, at *9 (W.D.
20 Wash. Dec. 13, 2016). The Court therefore “strips away” allegations that are not pled with
21 particularity. *Id.*

22 Nguyen contends that the generic images used in RXN’s videos could not plausibly
23 constitute false, deceptive statements that materially injured Regal. In its FAC, Regal alleges that
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1 Nguyen's false advertising consists of using "images of Regal's warehouse, customer database,
2 and other images" to imply that "RXN has the same capabilities and expertise as Regal." Dkt.
3 # 27 at 14. More specifically, Regal argues that these images falsely imply that RXN provides
4 warehousing and transportation services and serves the same customers as Regal, such as
5 Walmart and Amazon.com. Dkt. # 34 at 16.

6 First, Regal's vague reference to "other images" must be stripped from the FAC. The
7 remaining images of Regal's warehouse and references to Regal's customers alone do not
8 amount to factual statements that can form the basis of a false advertising claim. With respect to
9 the warehouse images, the general similarity of warehouses does not allow a viewer to discern
10 whether this is Regal's warehouse at all. And although the warehouse images may lead some
11 viewers to think RXN provides physical logistical services, this is not an obvious conclusion.
12 With respect to the names of prominent retailers, it is again unclear what relationship RXN has
13 with these companies; the images alone do not mean they are customers. *See Newcal Indus., Inc.*
14 *v. Ikon Office Sol.*, 513 F.3d 1038, 1053 (9th Cir. 2008) ("[A] statement that is quantifiable, that
15 makes a claim as to the 'specific or absolute characteristics of a product,' may be an actionable
16 statement of fact.). As currently constituted, Regal's false advertising claim is not plausible.

17 Next, Nguyen challenges Regal's federal and state trade secret misappropriation claims
18 (Counts IV & V). Under both the Defend Trade Secrets Act and Washington's Uniform Trade
19 Secrets Act, information qualifies as a "trade secret" if "(A) the owner thereof has taken
20 reasonable measures to keep [it] secret" and "(B) the information derives independent economic
21 value, actual or potential, from not being generally known to, and not being readily ascertainable
22 through proper means by, another person who can obtain economic value from the disclosure or
23 use of the information." 18 U.S.C.A. § 1839(3); RCW 19.108.010(4). "Although the complaint
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1 need not spell out the details of the trade secret, a plaintiff seeking relief for trade secret
2 misappropriation must identify the trade secret with sufficient particularity . . . to permit the
3 defendant to ascertain at least the boundaries within which the secret lies.” *Bombardier Inc. v.*
4 *Mitsubishi Aircraft Corp.*, 383 F. Supp. 3d 1169, 1178 (W.D. Wash. 2019) (internal quotations
5 omitted).

6 In its FAC, Regal accuses Nguyen of misappropriating the “business process and know-
7 how embodied in its custom Software, its customer database, and its customer-coding system.”
8 Dkt. # 27 at 15. Nguyen argues that, because Regal’s complaint only names five well-known
9 retailers as the misappropriated customer identities, that information cannot qualify as secret.
10 Nguyen also contends that the alphanumeric codes that Regal uses to identify its customers have
11 no economic value to others. Finally, Nguyen points out that, by merely alleging that Regal had
12 an “understanding” with Nguyen that he would not disclose or otherwise use its information,
13 Regal has not alleged reasonable measures to maintain its information’s secrecy. Regal responds
14 that its *entire* customer database does have economic value and that it is not required to allege
15 any specific type of “reasonable measures” to protect its information.

16 While the Court is skeptical about the economic value of Regal’s customer coding
17 system, courts have held that customer databases are valuable. *See, e.g., MAI Sys. Corp. v. Peak*
18 *Computer, Inc.*, 991 F.2d 511, 521 (9th Cir. 1993); *Sun Distrib. Co., LLC v. Corbett*, No. 18-CV-
19 2231-BAS-BGS, 2018 WL 4951966, at *4 (S.D. Cal. Oct. 12, 2018). Here, although the FAC
20 only includes five examples of Regal’s customers, Nguyen is incorrect that those are the only
21 names he is accused of stealing. The claim plainly states that Nguyen misappropriated Regal’s
22 “customer database.” Dkt. # 27 at 15. Indeed, naming every one of its customers in the complaint
23 would cut against Regal’s position that its database is secret.

1 In addition, Regal has satisfied its initial pleading obligations by alleging that it had a
2 confidentiality “understanding” with Nguyen during the period he was designing Regal’s
3 software. Although the specifics of who said what to Nguyen can be worked out through
4 discovery, Regal is not required to include such details in its complaint. Furthermore, Nguyen is
5 incorrect that a written confidentiality agreement is necessary for a trade secret
6 misappropriation claim. *See Ultimate Timing, L.L.C. v. Simms*, 715 F. Supp. 2d 1195, 1206
7 (W.D. Wash. 2010) (declining to grant summary judgment on whether an email request to keep a
8 presentation confidential was a reasonable measure to protect a trade secret). While Nguyen may
9 well be right that Regal did not do enough to protect its information, that is not for the Court to
10 decide at this early stage.

11 Finally, Nguyen challenges Regal’s claim under the CFAA (Count VI) that Nguyen
12 “exceeded the scope of his authorized access by accessing certain of Regal’s documents, files, or
13 drives . . . for the benefit of his venture, RXN.” These allegations line up with 18 U.S.C.A.
14 § 1030(a)(4), which prohibits “knowingly and with intent to defraud, access[ing] a protected
15 computer without authorization, or exceed[ing] authorized access.” But the Ninth Circuit has
16 defined “exceeds authorized access” narrowly to include only “someone who’s authorized to
17 access only certain data or files but accesses unauthorized data or files—what is colloquially
18 known as ‘hacking.’” *United States v. Nosal*, 676 F.3d 854, 856-57, 863 (9th Cir. 2012); *see also*
19 *Facebook, Inc. v. Power Ventures, Inc.*, 844 F.3d 1058, 1067 (9th Cir. 2016) (“[A] defendant can
20 run afoul of the CFAA when he or she has no permission to access a computer or when such
21 permission has been revoked explicitly.”). It does not apply to “someone who has unrestricted
22 physical access to a computer, but is limited in the use to which he can put the information.” *Id.*

1 Because Regal has not alleged that Nguyen accessed Regal's computer files without permission,
2 its CFAA claim fails.

3 The Court is unpersuaded by Regal's attempt to differentiate Nguyen-as-Softketeers and
4 Nguyen-as-RXN in order to show that only the former had permission to access Regal's files.
5 Regal chose to sue Nguyen himself, not his companies; whatever representative capacity Nguyen
6 may have carried when he accessed Regal's information, he never stopped being Nguyen-as-
7 Nguyen. In any case, even if Nguyen accessed Regal's information for the eventual benefit of
8 *RXN, that does not mean he could not have also accessed it for Softketeers's authorized purpose*
9 of building software. Regal's CFAA claim is therefore dismissed.

10 **CONCLUSION**

11 For the above reasons, Nguyen's Motion to Dismiss is GRANTED with respect to
12 Regal's false advertising and CFAA claims. Nguyen's Motion is DENIED in all other respects.
13 Regal has leave to amend its false advertising and CFAA claims and may file an amended
14 complaint curing the deficiencies described here within 20 days of this Order. If Regal does not
15 amend its complaint within 20 days, the false advertising and CFAA claims will be dismissed.

16 IT IS SO ORDERED.

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18 Dated this 30th day of September, 2019.

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20 
Ronald B. Leighton

21 Ronald B. Leighton
22 United States District Judge
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